



CITY OF HAYWARD

AGENDA REPORT

AGENDA DATE 05/25/99

AGENDA ITEM 7

WORK SESSION ITEM

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Downtown Business Improvement Area Annual Report and Proposed Budget for FY 1999-00 and Setting Public Hearing for June 8, 1999

RECOMMENDATION:

It is recommended that the City Council accept the Annual Report of the Downtown Hayward Business Improvement Area (DBIA) for FY 1999-00, and adopt a resolution setting a public hearing to consider the 1999 Annual DBIA Levy on June 8, 1999.

BACKGROUND:

The Hayward Downtown Business Improvement Area (DBIA) exists for the purpose of undertaking improvements and activities that will serve to promote business in the downtown area. All retail, service/professional and financial institutions within the boundaries of the DBIA pay a charge to fund these activities and improvements. The District has been in existence since 1984, and until two years ago the City had contracted with the Hayward Downtown Association (HDA) to act as Administrator of the DBIA funds. In 1997, the HDA disbanded. Since that time, the City has administered the DBIA funds, with the Advisory Board taking a more active role in determining how the funds are expended.

In FY 1998-99, the DBIA effort was directed primarily towards promotional activity on behalf of downtown businesses, including the publication of newsletters and general advertising. The City had contracted with Newsmakers, Inc. for these activities, however, the contract was terminated due to poor service on the part of the consultant and a new contract was executed with the Hayward Chamber of Commerce. The Chamber of Commerce will be producing three newsletters (one has already been distributed), publishing three tabloids through the Daily Review, and producing a Guide to Downtown Businesses which is due out in the fall of 1999. The tabloids are intended to coincide with downtown events.

In September 1998, the DBIA co-sponsored a special meeting with Mervyns to obtain input from downtown businesses as to what kinds of services and activities they wish to see. In December 1998 the DBIA funded the installation of decorative street tree lights in time for the Light Up the Season event. The DBIA is also funding a downtown Antique Fair, which is scheduled to take place on July 17, 1999. Finally, the DBIA also continues to fund banner

maintenance and sidewalk cleaning. The latter service was curtailed in FY 1998-99 due to the amount of street construction activity, but is scheduled to resume again this month.

The proposed DBIA budget utilizes \$99,000 of revenues to fund operations and activities. The primary source of this funding is projected assessment income of \$48,000, which is based upon actual collections in the current year to date. This year, the proposed budget also includes an allocation of \$30,000 from the existing fund balance and a reservation of \$10,000 to remain in fund balance to handle contingencies. The fund balance has increased over the past two years as a result of the HDA's dissolution, and also due to the lag time between the Newsmaker and Chamber contracts. As in past years, the proposed DBIA budget includes a \$20,000 requested transfer from the Redevelopment Agency, to be used for steam cleaning and downtown banner maintenance. Therefore, approval of this budget is contingent upon the Redevelopment Agency Board approving the \$20,000 transfer.

The proposed DBIA budget is attached as Exhibit A to the Annual Report. In FY 1999-00, the DBIA expects to continue its contract with the Chamber of Commerce and \$46,000 is budgeted for this purpose. The contract scope of services will be evaluated at the conclusion of the first year, and may be modified as a result of that review. If the Antique Fair is successful, it will be continued next year without direct funding. However, the Advisory Board may wish to undertake extra promotional activities related to that event, and may identify other downtown events they wish to promote. Therefore, \$3,000 has been budgeted for events. Finally, the Advisory Board is interested in purchasing lighted, re-usable holiday decorations for the B Street corridor, and in starting to replace the downtown banners, which are now four years old. A total of \$33,500 is budgeted for this purpose. In the event that the holiday decorations project proves to be infeasible, the funds may be used for other events or promotions.

The Advisory Board met on May 5, 1999 to review the attached Annual Report and Budget. The Advisory Board unanimously voted to recommend the attached Annual Report and Budget for FY 1999-00.

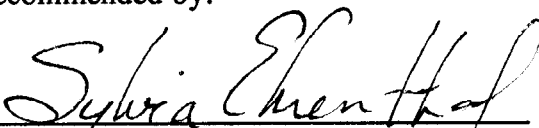
Future Actions to Adopt the Annual Levy:

With respect to the remaining actions needed to adopt the DBIA charge, State law requires that the City Council adopt a resolution of intention to consider the annual levy. The resolution of intention is attached to this agenda, and if adopted will set the public hearing for June 8, 1999.

Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrenthal, Director of Community
and Economic Development

Approved by:


Jesús Armas, City Manager

Attachments: A - BIA Annual Report and Proposed Budget for FY 1999-00
Resolution

ATTACHMENT A

DOWNTOWN BUSINESS IMPROVEMENT AREA ANNUAL REPORT AND PROPOSED BUDGET FOR 1999-00

Background:

The Downtown Business Improvement Area (DBIA) was established in 1984. State law requires that an Advisory Board appointed by City Council submit an Annual Report identifying the activities, budget, boundaries and proposed charges to the Improvement Area. The report may propose changes, including such items as the boundaries or benefit zones within the area, the basis and method of levying the charges, and any changes in the classification of businesses. The City Council may approve the report as submitted by the Advisory Board or may modify any particular item contained in the report and approve the report as modified.

Statement of Activities and Accomplishments for Fiscal Year 1998-99:

The DBIA undertook several activities during FY 1998-99. The largest expenditures were for promotional activities. The contract with Newsmakers, Inc. was terminated due to problems with the consultant in meeting its deadlines. The DBIA then received and approved a proposal by the Hayward Chamber of Commerce for similar services. The Chamber contract calls for: the production of three newsletters which are direct-mailed to all DBIA businesses on the City's database, a business directory which will be direct-mailed to all DBIA businesses and distributed through the Daily Review, and three theme tabloids to be distributed through the Daily Review. The tabloids will be timed to coincide with specific downtown events to the extent such events are planned, and business advertisements will be sold through the Daily Review. The first newsletter was distributed in March, and the second will be distributed in June. The first tabloid is due to be printed in July, in time for the upcoming Antique Fair.

Other activities in FY 1998-99 include the following. In July 1998 the DBIA and Mervyns co-sponsored a special meeting to showcase the new Mervyns corporate offices and to obtain input on how the BIA program is working and how it can be improved. There were 22 business owners in attendance. In December 1998 the DBIA sponsored the installment of decorative lights in the street trees on B Street. This lighting corresponded with the "Light Up the Season" event. This project was not as successful as hoped due primarily to the size of the trees, and also due to a persistent problem with vandalism. The contract for changing of downtown banners continued to be administered by City staff. Steam cleaning of sidewalks has not occurred thus far in FY 1998-99 due to the amount of street construction activity occurring downtown; however, the sidewalk steam cleaning contract is being re-bid and this service is expected to begin again by June 1999. Finally, in conjunction with downtown antique dealers the DBIA is funding and co-sponsoring a Downtown Antique Fair. This event is scheduled to take place on July 17, 1999.

Annual Report for Fiscal Year 1999-00

The Annual Report is required, pursuant to State Law, to address the following six areas:

1. Proposed BIA Boundary Changes during FY 199-00.

The Advisory Board is proposing no changes to the boundaries at this time.

2. BIA Activities and Improvements:

The proposed BIA activities and improvements for fiscal year 1999-00 are based on staff's continued administration of the seasonal banner maintenance program and the sidewalk steam-cleaning program, using the \$20,000 proposed contribution from the Redevelopment Agency. The new steam cleaning contract is expected to be more comprehensive than the previous one was. In addition, a total of \$10,000 is being budgeted to begin the process of replacing banners in the downtown. The existing banners are four years old, and are beginning to wear out. Each complete set of banners is estimated to cost approximately \$10,000.

The current contract with the Chamber of Commerce is currently expected to be continued after it expires in the upcoming fiscal year. The DBIA Advisory Board will review the contract at the end of its initial term to determine whether adjustments should be made.

The Advisory Board will also evaluate the success of the first Antique Fair, and if successful will continue its co-sponsorship. According to the organizer and promoter of the Downtown Antique Fair, if the fair is successful this year there should be no further requests for funding. However, there may be promotional activities that the Advisory Board may wish to tie into the Antique Fair next year. Moreover, the Advisory Board is interested in promoting new events in the downtown, and may identify such an event for funding in the year 2000.

The Advisory Board has also expressed an interest in pursuing a proposal for a coupon promotion among downtown retailers, which would involve some printing expenses as well as expenses for a grand prize for the winning customer, such as a trip to a northern California resort. The promotion would also require businesses to donate merchandise for prizes, and to mark down the cost of other merchandise.

Finally, the Advisory Board has expressed an interest in purchasing and re-usable holiday decorations that would be attached to the B Street light poles, in lieu of the decorative tree lighting. Such decorations could address some of the problems experienced with the street tree lighting project last holiday seasons. A preliminary estimate of the cost of such fixtures is in the range of \$20,000 to \$25,000. Additional holiday decorations for the balance of the light poles in downtown should be addressed at the same time.

3. Proposed Budget.

The Advisory Board has reviewed the proposed Budget for FY 1999-00 and is recommending approval of the Budget. The Budget is attached to this Report as Exhibit A.

Projected revenues for the upcoming year includes \$48,000 in assessment revenues and \$1,000 earned interest. This is a projected decrease of \$1,000 from prior years, and is based on revenues earned over the past two years. In addition to the assessment revenues, it is proposed that the Redevelopment Agency continue to contribute \$20,000 to the DBIA fund. Finally, the BIA fund is projected to have an available fund balance of approximately \$40,000 at the end FY 1998-99. The fund balance has grown over the past two years during the transition period following the dissolution of the Hayward Downtown Association. The BIA Advisory Board is now proposing to make \$30,000 of this fund balance available for expenditure for decorations, events and promotions in the upcoming year, and to leave \$10,000 available as a "contingency" set aside.

As noted, the proposed Budget assumes that the existing \$46,000 contract with the Chamber of Commerce is extended in FY 1999-00. In addition, \$3,000 is budgeted for miscellaneous events and promotions. This year, approximately \$10,000 is budgeted for the replacement of banners, with \$6,500 of that amount coming from the fund balance. Finally, \$23,500 is budgeted towards additional downtown decorations, events and promotions. If feasible, these funds will be expended on the holiday decorations outlined above.

4. Proposed Method of Charges.

As with the current boundaries, the existing method and level of charges in the DBIA was established in 1984 when the district was created. No change is proposed at this time.

5. Contributions from other Sources.

Other sources of contributions for FY 1999-00 include \$20,000 from the Hayward Redevelopment Agency. The Agency's funding is designated for sidewalk cleaning and downtown decorations. The Advisory Board is recommending adoption of the proposed Budget for these funds.

6. Closing Statement of the Board.

The Advisory Board looks forward to continued progress and cooperation with the downtown merchants and the City of Hayward in the upcoming year.

Exhibit A

Downtown Business Improvement Area Budget 99/00

Operating Account	Assessments	Redevelopment	Funds Available	Total
INCOME				
Assessments	48,000	---	---	
Redevelopment	---	20,000	---	
Funds Available	---	---	30,000	
Interest	1,000	---	---	
TOTAL INCOME	49,000	20,000	30,000	99,000
OPERATING EXPENSES				
Banner Maintenance	---	4,500	---	
Banner Replacement	---	3,500	6,500	
Sidewalk Cleaning	---	12,000	---	
SUBTOTAL	---	20,000	6,500	26,500
PROMOTIONS				
Newsletter-Promotions/contracts	46,000	---	---	
Events	3,000	---	---	
SUBTOTAL	49,000	---	---	49,000
FUNDS AVAILABLE (decorations/events/promotions)	---	---	23,500	
SUBTOTAL	---	---	23,500	23,500
TOTAL EXPENSES	\$49,000	\$20,000	\$30,000	\$99,000
FUND BALANCE RESERVE			\$10,000	

DRAFT

Om 5-20-99

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION ACCEPTING ANNUAL REPORT AND
DECLARING INTENTION TO LEVY ANNUAL CHARGES
FOR THE DOWNTOWN HAYWARD BUSINESS
IMPROVEMENT AREA FOR THE FISCAL YEAR 1999-00
AND PROVIDING FOR NOTICE OF HEARING THEREON**

BE IT RESOLVED by the City Council of the City of Hayward, as follows:

1. On September 18, 1984, the City Council established the Downtown Hayward Business Improvement Area pursuant to section 36500 et seq. of the Streets and Highways Code of the State of California, which was commonly known as the Parking and Business Improvement Area Law of 1979 and, as now codified, is commonly known as the Parking and Business Improvement Law of 1989.
2. The Advisory Board for the Downtown Hayward Business Improvement Area prepared an annual report for the fiscal year July 1, 1999 to June 30, 2000, on behalf of the Downtown Hayward Business Improvement Area pursuant to section 36533 of the California Streets and Highways Code, which report, on file in the office of the City Clerk, is hereby accepted by the City Council. Said report may be referred to for the particulars as to the detailed descriptions of improvements and activities to be provided, the charges to be levied, the benefit zones within the area, the proposed charges to be levied on businesses, and the exact boundaries of the area.
3. It is the intention of the City Council to levy and collect the charges within the Downtown Hayward Business Improvement Area for the fiscal year 1999-00 as set forth in the annual report or such report as hereafter modified. The charges may be used for parking facilities serving the area, decoration or music or advertising public events in public places in the area, and to promote business activities in the area. The area is generally described on the map attached hereto as Exhibit "A".

4. Notice is hereby given that Tuesday, June 8, 1999, at the hour of 8:00 p.m., in the regular meeting place of this City Council, 777 B Street, Hayward, California, a hearing will be held on the question of the levy of the proposed charges, at which time written and oral protests may be made in compliance with sections 36524 and 36525 of the Streets and Highways Code.
5. The City Clerk shall cause notice of the hearing to be given by publishing a copy of this resolution in The Daily Review, a newspaper published and circulated in the City of Hayward, at least seven days prior to the date of the hearing specified above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 1999

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward